

Section 3

(c) For those carriers who use the yield or average-fare method to determine earned revenue, the analysis supporting the verification shall include:

(1) The cutoff date for the liability to be verified; such cutoff date shall be at the end of a calendar month.

(2) The number of months after the cutoff date during which documents were examined to verify the liability; the number of months after the cutoff date during which documents are examined shall not exceed the maximums set forth below:

Class of carrier	Maximum months ¹
TWA	18
Trunks (except TWA)	12
All other route air carriers	6

¹ Applies only to carriers on a yield or average-fare basis.

(3) The nature of the documents which were examined for purposes of the verification.

(4) The totals for each of the various types of documents examined, on actual or sampling basis.

(5) A description of the sampling technique and conversion to totals, if sampling was employed.

(6) The amount and basis for all estimates employed in the verification.

(7) The amount of resulting adjustments and the quarter in which such adjustments were, or are to be, made in the accounts.

(d) For those carriers who use the sales-lift match method to determine earned revenue, the analysis supporting the physical inventory verification shall include:

(1) The cutoff date for the liability to be verified; such cutoff date shall be at the end of a calendar month.

(2) A trial balance as of the cutoff date of all subaccounts supporting the Air Traffic Liability control account; the subsidiary trial balance must agree with the Air Traffic Liability control account or a reconciliation statement furnished.

(3) A statement to the effect that a sales listing of the value of all unmatched auditor coupons has been compiled and compared to the general ledger control figure; the statement required by this subparagraph shall indicate whether or not the value of the unmatched coupons is in agreement

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with the general ledger. If the sales listing is not in agreement with the Air Traffic Liability control account, the amount of such difference shall be shown on such statement.

[ER–948, 41 FR 12290, Mar. 25, 1976, as amended by ER–1401, 50 FR 238, Jan. 3, 1985. Redesignated at Amdt. 241–58, 54 FR 5592, Feb. 6, 1989; 60 FR 66725, Dec. 26, 1995]

BALANCE SHEET CLASSIFICATIONS

Section 3 Chart of Balance Sheet Accounts

[See footnotes at end of table]

Name of account	General classification	
Current assets:		
Cash	1010	
Short-term investments	1100	
Notes receivable	1200	
Accounts receivable	1270	
Allowance for uncollectible accounts	1290	
Spare parts and supplies	1300	
Allowance for obsolescence—Spare parts and supplies	1311	
Prepaid items	1410	
Other current assets	1420	
Investments and special funds:		
Investments in associated companies	1510	
Investments in investor controlled companies	1510.1	
Investments in other associated companies	1510.2	
Advances to associated companies	1510.3	
Other investments and receivables	1530	
Special funds	1550	
Property and equipment	1600–1700	
	Operating	Nonoperating
Airframes	1601	1701
Airframes	1601.1	1701.1
Unamortized airframe overhauls	1601.2	1701.2
Aircraft engines	1602	1702
Aircraft engines	1602.1	1702.1
Unamortized aircraft engine overhauls	1602.2	1702.2
Improvements to leased flight equipment	1607	1707
Flight equipment rotatable parts and assemblies	1608	1708
Airframe parts and assemblies	¹ 1608.1	¹ 1708.1
Aircraft engine parts and assemblies	¹ 1608.5	¹ 1708.5
Other parts and assemblies	¹ 1608.9	¹ 1708.9
Flight equipment	1609	1709
Allowance for depreciation:		
Airframes	1611	1711
Aircraft engines	1612	1712

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[See footnotes at end of table]

Name of account	General classification	
Improvements to leased flight equipment	1617	1717
Flight equipment rotatable parts and assemblies	1618	1718
Flight equipment airworthiness allowance	² 1629	² 1729
Equipment	1630	1730
Furniture, fixtures and office equipment	1636	1736
Improvements to leased buildings and equipment	1639	1739
	General classification	
Buildings	1640	1740
Maintenance buildings and improvements	1640.1	1740.1
Other buildings and improvements	1640.9	1740.9
Ground property and equipment	1649	1749
Allowance for depreciation: Equipment	1650	1750
Improvements to leased buildings and equipment	1654	1754
Furniture, fixtures, and office equipment	1656	1756
Buildings	1660	1760
Maintenance buildings and improvements	1660.1	1760.1
Other buildings and improvements	1660.9	1760.9
Allowance for depreciation of flight equipment and ground property and equipment, and amortization of overhaul and airworthiness costs	1668	1768
Land	1679	1779
Equipment purchase deposits and advance payments	1685	1785
Construction work in progress	1689	1789
Leased property under capital leases	1695	1795
Capital leases—flight equipment	1695.1	1795.1
Capital leases—other property and equipment	1695.2	1795.2
Leased property under capital leases, accumulated amortization	1696	1796
Accumulated amortization—capitalized flight equipment	1696.1	1796.1
Accumulated amortization—capitalized other property and equipment	1696.2	1796.2
Property on operating-type lease to others and property held for lease		1797
Property on operating-type lease to others and property held for lease, accumulated depreciation		1798
Other assets:		
Long-term prepayments		1820
Unamortized developmental and preoperating costs		1830
Other assets and deferred charges		1890

[See footnotes at end of table]

Name of account	General classification	
Current liabilities:		
Current maturities of long-term debt		2000
Notes payable:		
Banks		2005
Other		2015
Trade accounts payable		2021
Accounts payable—other		2025
Current obligations under capital leases		2080
Accrued salaries, wages		2110
Accrued vacation liability		2120
Accrued interest		2125
Accrued taxes		2130
Dividends declared		2140
Air traffic liability		2160
Other current liabilities		2190
Noncurrent liabilities:		
Long-term debt		2210
Advances from associated companies		2240
Pension liability		2250
Noncurrent obligations under capital leases		2280
Other noncurrent liabilities		2290
Deferred credits:		
Deferred income taxes		2340
Deferred investment tax credits		2345
Other deferred credits		2390
Stockholders' equity:		
Preferred stock		2820
Common stock		2840
Additional capital invested		2890
Premium on capital stock		2890.1
Discount on capital stock		2890.2
Other capital stock transactions		2890.3
Retained earnings		2900
Subscribed and unissued stock	2860	
Treasury stock		2990

¹ Prescribed for group II and group III air carriers only.² At the option of the air carrier, these accounts may be assigned Nos. 2629 and 2729, respectively, for accounting purposes.

Note: Digits to right of decimals and italicized codes established for BTS control purposes only.

[ER-1401, 50 FR 239, Jan. 3, 1985, as amended by Amdt. 248-58, 54 FR 5592, Feb. 6, 1989; 60 FR 66723, Dec. 26, 1995]

Section 4 General

(a) The balance sheet accounts are designed to show the financial condition of the air carrier as at a given date, reflecting the asset and liability balances carried forward subsequent to the closing or constructive closing of the air carrier's books of account.

(b) The balance sheet accounts prescribed in this system of accounts for each air carrier group are set forth in Section 3, Chart of Balance Sheet Accounts. The balance sheet elements to